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Economic prospects - consumer survey results

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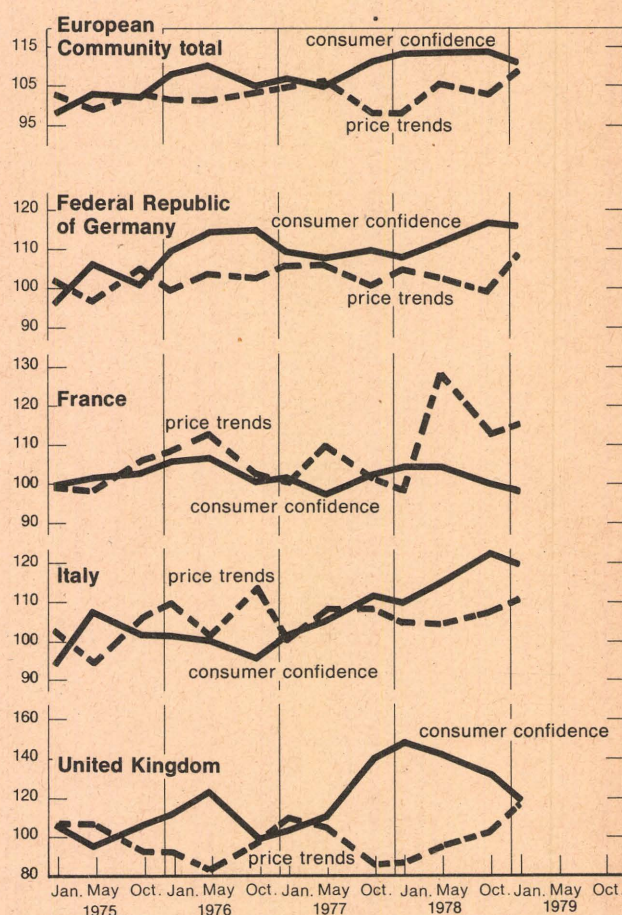
Moderation of consumer optimism. — Consumers are taking a somewhat more cautious view of the economic situation and outlook, according to the January opinion survey, carried out by the Commission among heads of households in the Member States. The conservative shift in consumer sentiment in the Community still, however, leaves confidence at the relatively high level of 111,2 (1975 = 100). While this represents a 2,6 points decline from the level of 113,8 recorded in the previous survey, the October 1978 level was virtually the same as that recorded in 1973 — which was the year of fastest growth during the present decade (see Graph 1 and Table 2). By comparison, 1975, the year on which the index is based, was a year characterized by slow economic growth, high unemployment and rapid inflation.

There were important differences in the pattern as between Member States. The most pronounced falls in consumer confidence occurred in the United Kingdom and Ireland, although the levels of confidence remained around halfway between the previously recorded high and low points. In France the decline in confidence was less sharp. In Germany and Italy, the January results were a little lower than those of October 1978 but remained much higher than a year earlier. In Denmark, Belgium and the Netherlands consumer confidence was improved in January, compared to October of last year.

Outlook for unemployment. — For the Community as a whole the January survey suggests expectations of a slightly higher level of unemployment over the next twelve months. However, movements in this index have been small since 1977 — and, indeed, recorded unemployment has roughly stabilized since mid-1977. The main changes recorded in January were rises in unemployment expectations in France, Germany and the United Kingdom, although in the case of Germany the increase seems to be adjustment of the extremely optimistic turn of opinion recorded in October 1978. Prospects for reducing unemployment were felt to be improving in Denmark, Belgium and the Netherlands.

Outlook for prices. — In most Member States consumers expect stronger price rises this year than in 1978; the upward movement in the Community index of opinion on price trends over the next twelve months is quite substantial by comparison with the survey experience of recent years. Expectations of faster inflation are most marked in the case of the United Kingdom and Ireland. In the Federal Republic of Germany there was a noticeable rise over the October 1978 result, but the level of the index is only a little higher than a year ago. In France the price expectations are slightly higher than in October, but remain much lower than the expectations recorded in May 1978. Only Denmark reports consumer expectations of lower inflation rates although the results for Belgium and the Netherlands are approximately unchanged.

GRAPH 1: Climate of consumer confidence¹ and opinion on price trends over the next twelve months (Index 1975 = 100)



Source: European Community consumer survey.

¹ The climate of consumer confidence is measured by an index based on five questions in the consumer survey. These are the questions relating to the general economic situation, the household financial situation and to major purchases of durable goods (see Table 2 and page 4 for data and notes).

Purchases of major durable goods. — Heads of household in the Community have become slightly more reticent regarding the advisability of purchasing major durable goods at the present time. The index of consumer opinion on this subject (see Table 2) declined by 1,5 points between October 1978, and January of this year, having fallen noticeably from the peak reached in May of last year. While German consumers' opinions have remained relatively optimistic, this is offset by a reduced buoyancy of buying intentions in France, Italy and the United Kingdom.

Outlook for savings. — For the Community as a whole consumer felt in January that there were stronger grounds for saving both at the present time, and over the next twelve months, the level of the index for the latter reaching its highest recorded level. This opinion is consistent with the more cautious attitude towards major purchases.

Holiday spending in 1979. — For the Community as a whole there was further increase in holiday spending intentions recorded in January 1979, as had been the case in January 1978. The index reached its highest recorded level (a net weighted balance of +11,9% of respondents expecting increased spending). Germany accounted for the larger part of total average increase.

TABLE 1: Holiday spending intentions

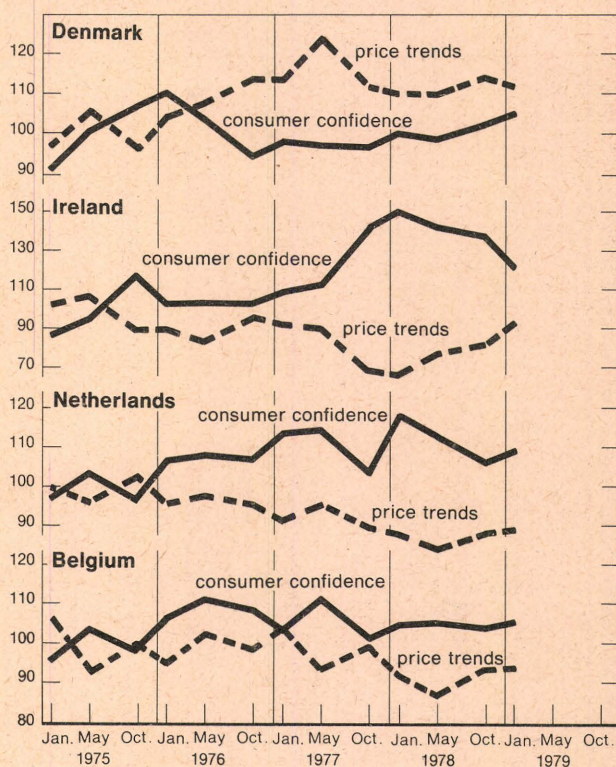
Net weighted percentage of respondents expecting to increase (+) or reduce (–) spending compared to previous year¹

	1973	1974	1975	1976	1977	1978	1979
DK	:	3,0	–2,0	6,0	8,0	4,0	9,0
D	0,3	6,2	21,7	22,5	21,9	21,0	23,0
F	3,0	0,7	4,0	6,5	4,9	6,4	5,3
IRL	:	:	8,2	3,7	15,0	19,4	19,0
I	–3,0	–5,6	–13,0	–11,0	–13,7	–12,0	–10,0
NL	10,0	1,6	13,5	7,8	10,1	9,4	11,1
B	–1,4	–11,5	–13,3	–13,8	–14,4	–11,3	–11,0
UK	:	:	:	21,0	21,8	25,8	26,2
EC	(1,0)	(1,0)	(7,3)	(10,7)	(9,9)	(11,0)	11,9

Source: European Community consumer survey.

¹ Holiday intentions are surveyed in January only of each year. The question is set out on page 4.

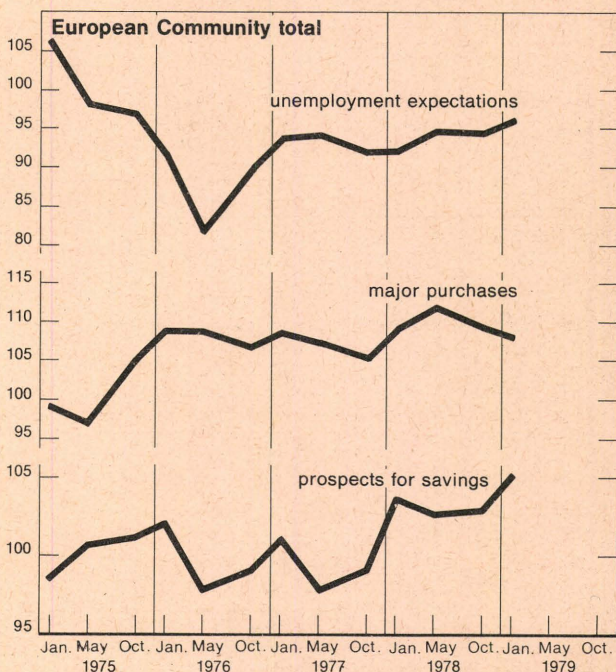
GRAPH 2: Climate of consumer confidence¹ and opinion on price trends over the next twelve months (Index 1975 = 100)



Source: European Community consumer survey.

¹ See note on Graph 1.

GRAPH 3: Consumer opinion on unemployment expected over the next twelve months, the advisability of major purchases at present, and the prospects for savings over the next twelve months¹ (Index 1975 = 100)



Source: European Community consumer survey.

¹ See Table 2 and page 4 for data and notes.

TABLE 2: Consumer opinion on economic and financial conditions, index numbers (1975 = 100) ⁽¹⁾

		1972	1973	1974	1975	1976	1977	1978	1977		1978			1979
									May	Oct.	Jan.	May	Oct.	Jan.
CONSUMER CONFIDENCE INDEX ²	DK	:	:	90,1	100,0	103,9	98,3	101,5	98,2	97,7	101,0	100,4	103,2	106,8
	D	108,9	105,9	92,5	100,0	112,1	108,2	111,8	107,0	108,8	107,6	111,3	116,4	115,9
	F	111,0	111,0	97,2	100,0	102,6	99,4	101,8	96,2	101,4	103,2	103,0	99,3	97,3
	IRL	:	:	103,2	100,0	104,9	123,4	146,8	114,5	144,6	153,2	145,9	141,2	124,8
	I	129,4	119,9	98,6	100,0	98,2	105,7	115,7	104,6	111,6	109,7	114,8	122,5	119,3
	NL	106,2	115,5	105,0	100,0	107,9	112,4	113,7	115,8	106,8	119,8	113,9	107,4	110,1
	B	118,5	120,8	103,5	100,0	109,5	106,4	106,1	112,4	102,4	106,2	106,7	105,3	107,3
	UK	:	:	108,4	100,0	111,0	119,8	140,1	109,0	139,0	147,6	140,6	132,2	117,6
	EC	(116,2)	(113,9)	99,2	100,0	107,1	107,3	113,6	104,7	111,2	113,3	113,8	113,8	111,2
	DK	:	:	96,1	100,0	103,8	100,7	100,5	103,3	98,4	101,3	99,8	100,3	100,3
FINANCIAL SITUATION OF HOUSEHOLDS	D	111,0	103,2	96,8	100,0	104,1	106,0	108,5	104,2	107,5	106,1	108,0	111,3	112,3
	F	104,6	106,6	98,6	100,0	101,2	99,7	101,6	98,6	99,7	101,7	101,7	101,2	100,2
	IRL	:	:	93,5	100,0	108,7	117,6	148,0	105,7	139,8	150,4	146,3	147,2	132,5
	I	122,5	116,4	103,7	100,0	98,9	104,8	112,7	104,8	109,7	108,7	112,7	116,6	114,6
	NL	104,6	106,1	101,4	100,0	98,8	101,9	105,9	103,1	102,6	106,4	106,1	105,1	105,1
	B	112,2	112,1	103,0	100,0	100,2	98,5	99,3	100,2	97,9	100,7	97,4	99,6	99,1
	UK	:	:	103,1	100,0	93,8	88,2	121,0	76,3	100,4	118,5	121,2	123,2	117,2
	EC	113,5	110,1	99,9	100,0	100,7	101,2	108,8	98,9	104,0	107,4	108,6	110,3	109,4
	DK	:	:	92,9	100,0	101,7	99,2	99,8	100,5	97,6	100,0	100,0	99,5	99,1
	D	107,5	102,0	95,4	100,0	104,8	104,4	105,8	103,4	104,9	104,2	105,2	108,1	108,1
— over last twelve months	F	103,7	104,5	95,0	100,0	101,0	99,2	100,0	97,4	100,3	101,8	99,4	98,9	97,4
	IRL	:	:	101,6	100,0	100,4	113,1	127,8	105,1	129,7	135,4	125,9	122,2	107,0
	I	115,1	109,4	98,2	100,0	97,4	99,3	104,8	99,1	100,7	101,8	105,2	107,4	105,2
	NL	106,0	108,1	101,3	100,0	100,5	107,2	108,2	108,9	105,7	110,0	108,4	106,3	109,5
	B	107,7	106,7	99,5	100,0	103,1	100,7	100,5	103,3	99,1	100,7	99,7	101,2	101,2
	UK	:	:	107,4	100,0	104,9	109,6	121,0	102,4	125,3	125,9	121,8	115,3	108,8
	EC	109,8	106,9	98,5	100,0	102,3	103,2	106,5	101,5	106,1	106,9	106,2	106,3	104,9
	DK	:	:	75,5	100,0	112,1	99,2	118,6	93,8	102,3	114,9	114,1	126,8	141,1
	D	141,8	133,8	93,0	100,0	150,0	139,5	148,3	136,4	139,5	132,5	145,7	166,8	162,9
	F	127,3	131,1	99,6	100,0	106,0	100,2	107,6	92,7	105,0	108,2	111,4	103,0	99,8
— over next twelve months	IRL	:	:	125,6	100,0	121,2	183,3	283,3	159,6	258,6	298,5	280,8	270,4	215,8
	I	218,7	184,6	88,6	100,0	79,6	120,9	168,7	109,0	164,2	141,8	161,2	203,0	192,5
	NL	135,2	175,2	137,6	100,0	128,8	156,9	169,0	167,5	134,7	185,0	170,8	151,1	163,1
	B	196,3	206,1	135,4	100,0	129,7	134,1	136,6	152,4	125,6	130,5	142,7	136,6	142,7
	UK	:	:	136,9	100,0	138,9	193,8	311,4	149,2	298,4	334,2	314,0	286,0	200,5
	EC	158,3	154,7	106,2	100,0	125,1	130,1	153,2	121,8	144,8	147,9	153,4	158,2	148,3
	DK	:	:	75,0	100,0	90,1	78,0	82,0	74,6	77,7	79,2	78,2	88,5	93,1
	D	105,9	97,9	81,0	100,0	113,2	100,7	104,6	99,8	101,9	99,8	104,0	109,9	108,8
	F	115,8	115,3	85,1	100,0	101,4	98,3	101,0	90,9	104,2	108,9	101,4	92,7	89,2
	IRL	:	:	108,5	100,0	99,5	133,5	155,6	119,5	166,8	172,8	153,0	140,9	112,7
— over next twelve months	I	133,5	119,4	87,7	100,0	95,9	102,2	113,1	100,6	107,1	105,2	112,9	121,3	116,8
	NL	106,1	125,7	104,6	100,0	125,7	124,0	123,5	135,8	106,1	139,5	122,8	108,2	114,8
	B	125,8	122,7	87,5	100,0	125,8	112,0	108,9	130,8	98,3	108,4	113,5	104,8	114,2
	UK	:	:	111,9	100,0	132,0	149,2	148,2	133,4	172,2	174,4	148,2	122,1	102,4
	EC	118,0	112,5	89,3	100,0	111,0	108,2	111,4	104,6	112,9	115,0	111,3	108,0	104,5
	DK	:	:	150,4	100,0	118,6	151,6	150,2	151,8	160,1	153,0	150,0	147,6	142,9
	D	103,8	106,9	130,7	100,0	87,2	105,9	107,2	109,2	104,8	116,1	112,1	93,4	102,3
	F	78,8	83,1	103,7	100,0	86,3	91,9	94,2	96,3	87,6	84,5	93,3	104,9	107,1
	IRL	:	:	90,7	100,0	101,9	83,6	79,1	88,9	72,4	74,6	81,0	81,8	84,4
	I	84,5	81,6	97,9	100,0	96,1	92,8	91,5	92,3	92,3	95,6	90,6	88,3	88,3
UNEMPLOYMENT	NL	95,5	82,4	98,0	100,0	85,5	88,0	87,3	87,9	97,2	76,7	90,4	94,7	84,5
	B	79,4	76,9	93,8	100,0	79,8	84,3	89,0	71,2	93,1	92,2	82,5	92,5	89,6
	UK	:	:	82,0	100,0	82,2	79,4	78,2	77,1	75,8	71,9	78,8	84,0	86,3
	EC	87,4	87,7	106,9	100,0	87,6	93,3	93,8	94,0	92,3	92,4	94,6	94,4	96,4
	DK	:	:	111,3	100,0	95,8	99,6	93,2	102,7	97,9	96,9	92,7	89,8	87,3
	D	:	116,2	111,4	100,0	94,6	88,9	80,4	91,7	84,0	83,3	81,9	76,0	77,7
	F	:	78,5	108,1	100,0	100,1	98,2	90,8	101,9	94,5	86,8	92,5	93,1	92,5
	IRL	:	:	103,5	100,0	100,4	97,0	84,0	101,9	88,4	78,0	85,5	88,4	95,2
	I	:	100,9	103,8	100,0	100,5	98,5	91,0	99,2	94,5	92,6	90,9	89,6	90,4
	NL	:	96,1	103,0	100,0	99,7	94,8	77,8	99,3	87,5	82,2	76,6	74,7	71,0
— over last twelve months	B	:	96,7	100,0	100,0	98,4	94,8	80,9	95,9	91,3	84,3	78,9	79,4	75,3
	UK	:	:	99,6	100,0	96,0	99,8	82,0	104,2	91,0	84,9	81,9	79,1	86,2
	EC	:	99,7	106,2	100,0	97,7	95,8	85,2	98,9	90,7	86,2	85,9	83,6	84,4
	DK	:	:	125,1	100,0	109,1	117,5	109,4	124,9	112,9	111,2	111,2	105,9	103,7
	D	:	98,9	112,2	100,0	101,3	103,7	102,0	105,5	100,4	104,3	102,4	99,2	108,2
	F	:	148,7	116,1	100,0	107,0	103,3	112,8	109,4	100,9	97,9	127,8	112,8	115,0
	IRL	:	:	96,5	100,0	90,9	86,1	78,6	92,0	71,9	69,1	81,2	85,5	95,4
	I	:	110,5	116,0	100,0	107,4	108,3	105,8	107,7	107,3	105,4	104,2	107,7	110,4
	NL	:	84,5	103,7	100,0	97,0	93,1	87,6	96,2	90,2	88,6	85,0	89,2	90,6
	B	:	:	113,9	100,0	99,3	100,1	92,4	94,7	100,7	93,9	88,3	95,1	95,9
— over next twelve months	UK	:	:	100,1	100,0	89,3	98,4	95,1	103,7	84,2	86,4	95,4	103,4	116,4
	EC	:	115,5	111,2	100,0	101,0	102,5	102,1	105,5	97,9	98,0	105,3	103,1	109,1

Source: European Community consumer survey.

¹ The survey questions are set out on page 4. The sums of the replies for each Member State are weighted in the Community total with the value of consumer expenditure.² The index represents the arithmetic average of results for five questions shown below, namely the two on the financial situation of the household, the two on the general economic situation, and that concerning major purchases.

TABLE 2 (continued): Consumer opinion on economic and financial conditions, index numbers (1975 = 100) ¹

		1972	1973	1974	1975	1976	1977	1978	1977		1978			1979
									May	Oct.	Jan.	May	Oct.	Jan.
MAJOR PURCHASES	DK	:	:	106,9	100,0	127,1	125,3	124,1	129,2	124,7	126,5	126,5	119,3	126,5
	D	106,9	103,9	92,1	100,0	103,7	102,8	108,2	102,3	102,3	106,9	110,3	107,3	107,7
	F	91,9	106,7	109,3	100,0	106,7	99,5	101,0	99,2	98,4	96,9	105,4	100,8	98,4
	IRL	:	:	99,7	100,0	107,9	117,7	122,5	117,5	117,5	120,0	125,9	121,7	123,4
	I	129,2	123,1	120,4	100,0	118,5	125,0	127,3	129,2	122,2	125,0	125,0	131,9	129,2
	NL	95,6	99,7	97,5	100,0	104,2	102,0	95,0	99,7	101,2	102,7	95,2	87,0	84,8
	B	100,5	113,6	109,7	100,0	108,7	107,4	106,1	107,4	105,1	109,0	105,1	104,3	103,6
	UK	:	:	103,9	100,0	110,7	115,9	122,6	116,5	113,0	121,7	122,6	123,5	119,1
	EC	102,3	106,6	104,1	100,0	107,9	107,2	110,3	107,3	105,8	109,1	112,2	109,7	108,2
SAVINGS	DK	:	:	79,9	100,0	102,1	91,4	88,8	91,9	88,1	89,7	86,8	89,7	94,4
	D	88,5	83,6	87,3	100,0	98,2	95,8	89,3	95,6	92,2	84,7	89,2	93,9	96,6
	F	98,3	107,2	91,9	100,0	95,6	98,8	102,2	96,7	101,4	104,7	101,9	100,0	101,9
	IRL	:	:	102,5	100,0	99,2	97,6	115,0	99,5	103,0	113,1	115,7	116,2	110,6
	I	130,9	108,3	89,9	100,0	93,0	99,7	103,3	96,4	102,8	102,3	104,2	103,3	103,3
	NL	112,3	113,0	108,5	100,0	95,8	99,1	105,4	97,2	101,9	104,7	105,6	106,0	99,5
	B	109,2	109,0	96,6	100,0	98,0	99,9	100,4	100,4	98,5	99,6	100,4	101,1	105,6
	UK	:	:	109,4	100,0	99,2	108,2	116,5	105,0	114,6	123,6	113,3	112,7	114,0
	EC	103,8	103,4	92,7	100,0	97,3	98,6	99,1	97,3	99,0	98,4	98,8	100,2	102,2
— over next twelve months	DK	:	:	87,9	100,0	108,6	103,1	101,6	106,2	100,4	102,1	100,4	102,1	103,9
	D	93,1	90,6	91,7	100,0	98,6	99,3	98,4	99,1	96,6	97,3	98,4	99,4	102,6
	F	126,1	106,0	91,1	100,0	102,2	103,6	107,6	102,9	102,2	112,0	105,8	105,1	106,5
	IRL	:	:	104,7	100,0	93,9	100,8	112,0	94,7	105,3	110,6	111,2	114,1	106,5
	I	133,0	119,4	103,6	100,0	101,5	112,2	123,0	110,1	117,3	118,2	124,5	126,3	121,8
	NL	102,1	100,7	98,8	100,0	96,9	100,3	104,4	98,8	99,3	104,8	105,3	103,3	108,2
	B	102,4	102,5	99,4	100,0	103,1	101,9	100,1	105,6	101,5	101,2	94,6	104,4	101,2
	UK	:	:	100,9	100,0	96,5	89,8	100,7	82,0	95,1	104,0	101,4	96,7	98,2
	EC	105,0	98,4	95,8	100,0	99,7	99,4	103,1	97,8	99,1	103,7	102,8	103,0	105,4

Source: European Community consumer survey.

¹ The survey questions are set out on page 4. The sums of the replies for each Member State are weighted in the Community total with the value of consumer expenditure.**European Community consumer survey**

The Community's survey of consumer opinion, which was started in 1972, is carried out in all Member States except Luxembourg, on the basis of representative samples of households. The surveys are undertaken three times a year (in January, May and October) by national institutions on the basis of the Commission's standard questionnaire. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The sample size is about 2 500 per country in January and May, and about 5 000 in October.

The questions put are the following (numbers in parentheses are the values given to each response to obtain the weighted average answer to each question):

Questions put in January, May and October

- Financial situation of your household now compared to twelve months ago?
- Financial situation of your household, prospects over the next twelve months?
- General economic situation in the country now compared to twelve months ago?
- General economic situation in the country, prospects over the next twelve months?

For the above four questions the possible responses are: a lot better (+2), a little better (+1), the same (0), a little worse (-1), a lot worse (-2), don't know (0).

- Price levels now compared to twelve months ago? much higher (+3), moderately higher (+2), a little higher (+1), about the same (0), lower (-1), don't know (0).
- Price trends over the next twelve months? more rapid increase (+3), some increase (+2), slower increase (+1), stability (0), fall slightly (-1), don't know (0).
- Unemployment level in the country over the next twelve months? increase sharply (+2), increase slightly (+1), remains the same (0), fall slightly (-1), fall sharply (-2), don't know (0).

— Savings at present, a reasonable time to save?

— Savings by you or your household over next twelve months?

For the above two questions the possible answers are: yes certainly (+2), yes perhaps (+1), probably not (-1), certainly not (-2), don't know (0).

— Major purchases (furniture, washing-machine, T.V., etc.) at present? yes, right time (+1), neither right nor wrong time (0), no, wrong time, should postpone (-1), don't know (0).

Question put in January

— Holiday spending intentions, this year compared to last? much more (+2), a little more (+1), the same (0), a little less (-1), much less (-2), don't know (0).

Questions put in October

- Do you own (i) car, (ii) freezer or refrigerator and freezer combined, (iii) refrigerator, (iv) washing machine (except small machines), (v) black and white television, (vi) colour television, (vii) dishwasher?
- Do you intend to buy each of the above items (i) to (vii)? yes, certainly (1,0), yes, perhaps (0,5); probably not (0,3), certainly not (0), don't know (0,3).

The surveys are undertaken by:

DK — Denmark: Danmarks Statistik

D — Federal Republic of Germany: GfK (Gesellschaft für Konsum- Markt- und Absatzforschung)

F — France: INSEE (Institut National de la Statistique et des Etudes Economiques)

IRL — Ireland: the Agricultural Institute

I — Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)

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